

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 702 – SB 831

April 14, 2015

SUMMARY OF ORIGINAL BILL: Authorizes local governments with a centralized purchasing authority and a full-time purchasing agent to, by ordinance or resolution, increase from \$10,000 to \$25,000 the threshold over which public advertisement and sealed competitive bids or proposals are required. Authorizes municipalities to, by ordinance, increase from \$10,000 to \$25,000 the threshold for which competitive bids or public advertisement is required for public purchases.

FISCAL IMPACT OF ORIGINAL BILL:

No fiscal impact to state government. The fiscal impact of this bill on local government may be considered not significant. However, the amounts expended by local governments on contracts for goods and services could change. The extent of any such change is unknown and dependent upon multiple unknown factors. However, any such local impact is considered permissive.

SUMMARY OF AMENDMENT (006395): Deletes Section 2 of the bill which authorizes municipalities, by ordinance, to increase from \$10,000 to \$25,000 the threshold for which competitive bids or public advertisement is required for public purchases.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Expanding the purchase limit for which prior approval is required will not necessarily increase purchases or reduce the number of meetings necessary for government authorities to approve purchases.
- Increasing the monetary threshold for purchases may reduce the number of purchases that must be bid on as well as the advertising costs by unknown amounts, but by amounts that are not estimated to be significant.
- To the extent increasing the monetary threshold results in contracts for more goods and services than what would be contracted for under current law, there would be a permissive increase in local expenditures.
- To the extent increasing the monetary threshold only results in contracts for the same amount of goods and services, but through fewer transactions, any permissive change in local expenditures would be considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive style with a large, stylized "J" and "S".

Jeffrey L. Spalding, Executive Director

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